

立法會
Legislative Council

LC Paper No. CB(1) 1035/01-02
(These minutes have been seen
by the Administration)

Ref : CB1/PL/PS/1

Legislative Council
Panel on Public Service

Minutes of meeting
held on Monday, 21 January 2002 at 10:45 am
in the Chamber of the Legislative Council Building

Members present : Hon TAM Yiu-chung, GBS, JP (Chairman)
Hon LI Fung-ying, JP (Deputy Chairman)
Hon LEE Cheuk-yan
Hon CHEUNG Man-kwong
Hon HUI Cheung-ching, JP
Hon Bernard CHAN
Hon Howard YOUNG, JP
Hon Michael MAK Kwok-fung
Hon Albert CHAN Wai-yip
Hon LEUNG Fu-wah, MH, JP

Members attending : Hon James TIEN Pei-chun, GBS, JP
Hon Emily LAU Wai-hing, JP

Members absent : Hon CHAN Kwok-keung
Hon Andrew WONG Wang-fat, JP

Public officers attending : **Items III and IV**

Mr Joseph W P WONG, GBS, JP
Secretary for the Civil Service

Mrs Jessie TING, JP
Deputy Secretary for the Civil Service (2)

Miss Jennifer MAK, JP
Deputy Secretary for the Civil Service (3)

Mr William NG
Director, Civil Service Training and Development Institute

Clerk in attendance : Miss Salumi CHAN
Chief Assistant Secretary (1)5

Staff in attendance : Ms Bonnie KAN
Senior Assistant Secretary (1)9

Action

I. Confirmation of minutes of meeting
(LC Paper No. CB(1)795/01-02)

The minutes of the meeting held on 17 December 2001 were confirmed.

II. Proposed discussion items for the Panel meetings to be held from February to June 2002

(LC Paper No. CB(1)794/01-02(01) — List of outstanding items for discussion

LC Paper No. CB(1)794/01-02(02) — List of follow-up actions)

2. The Chairman reported that he had discussed with the Secretary for the Civil Service (SCS) on 16 January 2002 on the discussion items proposed by members and the Administration for the Panel meetings to be held from February to June 2002. The Chairman briefed members about the tentative arrangements for these meetings and highlighted the following:

- (a) For the meeting on 18 February 2002, the Administration would report the progress of containing the size of the civil service. The Administration proposed to address, under this item, the points raised by Mr CHEUNG Man-kwong on containing the size of the directorate level (Items 3 and 5 of the list of outstanding items for discussion);
- (b) For the meeting on 23 May 2002, the Administration proposed to brief members on the interim report on the first phase of the review of civil service pay policy and system, covering an analytical study on the latest developments in civil service pay administration in other Governments

and the identification of best practices that might be of particular relevance to Hong Kong. The Administration also proposed to address, under this item, Mr LEE Cheuk-yan's concern about the implications of the proposed streamlining of government structure on the civil service (Items 4 and 11 of the list of outstanding items for discussion); and

- (c) For the meeting on 23 May 2002, the Administration proposed to present its proposed initiatives to streamline the disciplinary procedures. The Administration proposed to address, under this item, Mr Albert CHAN's concern that the disciplinary procedures involved were not fair to the civil servants concerned (Items 1 and 12 of the list of outstanding items for discussion).

3. As regards the Employment (Amendment) (No. 2) Bill 2001 proposed for discussion by Mr LEUNG Fu-wah (Item 2 of the list of outstanding items for discussion), the Chairman considered that the timing for the three Members presenting the Bill to consult the Panel on the Bill could be decided after the President had made her ruling. Mr LEUNG Fu-wah accepted this arrangement.

4. Members agreed that the following two items be discussed at the next regular meeting scheduled for 18 February 2002:

- (a) Containing the size of the civil service; and
- (b) Promotion of integrity in the civil service.

5. As 18 February 2002 was the seventh day of the Lunar New Year, Mr LEUNG Fu-wah proposed that the next meeting be postponed. The Chairman directed the Clerk to explore the feasibility of the proposal.

6. Members also noted that the proposed discussion items for the meetings to be held from March to June 2002 were tentative and would have to be reviewed and updated in due course to meet the needs of the Panel and the Administration.

(Post-meeting notes:

- (a) Members were informed vide LC Paper No. CB(1)879/01-02 on 23 January 2002 that having regard to members' availability, the Chairman had decided that the regular meeting for February be held on 18 February 2002 as originally scheduled;
- (b) The list of proposed discussion items for the Panel meetings to be held from March to June 2002 was circulated to members vide LC Paper No. CB(1)894/01-02 on 23 January 2002.)

III. Follow-up discussion on the comprehensive review of civil service pay levels and pay adjustment mechanism

(Legislative Council Brief on "Review of Civil Service Pay Policy and System"
(Ref: CSBCR/PG/4-085-001/30)

LC Paper No. CB(1)794/01-02(04) — Supplementary information paper
provided by the Administration)

7. At the invitation of the Chairman, Deputy Secretary for the Civil Service 2 (DSCS2) briefed members on the Legislative Council (LegCo) Brief and the supplementary information paper provided by the Administration. She pointed out that at the meeting of the Executive Council (ExCo) on 18 December 2001, the ExCo advised and the Chief Executive ordered that the Administration should invite the Standing Commission on Civil Service Salaries and Conditions of Service (Standing Commission), in conjunction with the Standing Committee on Disciplined Services Salaries and Conditions of Service (SCDS) and the Standing Committee on Directorate Salaries and Conditions of Service, to conduct a comprehensive review of civil service pay policy and system. The three advisory bodies had accepted the Administration's invitation and had set up a Task Force to take forward the review. The Task Force was chaired by Mr YEUNG Ka-sing (Chairman of the Standing Commission) and comprised nine members from the three advisory bodies.

8. DSCS2 said that for the first phase of the review, the Task Force would research into the latest developments in civil service pay administration in other Governments, analyze their pros and cons, and identify best practices that might be of particular relevance to Hong Kong. In carrying out this analytical study, the Task Force would have regard to the history and development of the civil service pay policy and system in Hong Kong. It would seek professional input to the analytical study as appropriate. It would also consult interested parties, including the staff sides, departmental/grade management and other interested parties and would take account of their views in the process. The findings of the analytical study under the first phase of the review would be submitted to the Administration in the middle of 2002. The preliminary findings would be made public before a report was finalized. Based on the findings of the analytical study and taking account of the ensuing discussions with the parties concerned, the three advisory bodies would make recommendations to the Administration in the second half of 2002 on the scope of the comprehensive review to be conducted under the second phase, the factors to be taken into account in conducting the exercise, the methodology to be adopted, as well as the timeframe for completing the review.

Declaration of interests

9. The Chairman, Mr Bernard CHAN and Mr Howard YOUNG declared that they were members of the Task Force.

Need for a comprehensive review

10. Mr James TIEN and Mr HUI Cheung-ching expressed their support for the comprehensive review of civil service pay policy and system. Mr TIEN pointed out that to reduce the size of the fiscal deficit, the Administration might need to explore more revenue sources and reduce government expenditure. Members of the public, including the commercial sector, considered that the Administration should go for the latter option. As personal emoluments of civil servants represented a substantial part of the government operating expenditure, Mr TIEN supported the Administration's review on whether the current civil service pay levels were appropriate.

First phase of the review

11. Responding to Mr James TIEN's enquiry on the list of overseas governments covered by the research to be undertaken during the first phase of the review, SCS advised that to enhance the impartiality and credibility of the review, the Administration had invited the three advisory bodies to conduct the review, and that it would be for the Task Force set up by the three advisory bodies to draw up the list. However, the Civil Service Bureau (CSB) had made some suggestions for the consideration of the Task Force. It was suggested that reference could be made to the United Kingdom where from the civil service system in Hong Kong had originated; Singapore whose civil service also maintained high standards of efficiency and integrity; and other Commonwealth countries, such as Australia and New Zealand, where a number of civil service reform initiatives had been introduced recently.

12. Responding to Mr HUI Cheung-ching, SCS advised that the Administration aimed to brief the Panel on the interim report on the first phase of the review in May 2002.

Priority for the review

13. Mr James TIEN noted from paragraph 12 of the LegCo Brief that the review would cover staff in both civilian grades and the disciplined services. In view of the number of grades involved, Mr TIEN appreciated that considerable time would be required to complete the review. As the job nature of the disciplined services was unique and had no analogue in the private sector, Mr TIEN asked whether a priority would be set to enable the review on the civilian grades and the disciplined services to be conducted by phase. SCS pointed out that while the disciplined services had their own pay scales, internal relativity was one of the important factors for setting their pay levels. Nevertheless, it should be for the Task Force to decide whether any priority would be set for the various grades.

Target date for implementing any new system arising from the review

14. As it would take at least one year to complete the review, Mr James TIEN asked whether any new system arising from the review would be put in place before the 2003 civil service pay adjustment exercise. SCS reiterated that the three advisory bodies would make recommendations to the Administration in the second half of 2002 on the scope of the comprehensive review on civil service pay policy and system to be conducted in the second phase as well as the timeframe for completing the review. It was too early to comment at this stage when the review would be completed.

Urge for an independent and impartial review

Administration's stance in the review

15. Mr CHEUNG Man-kwong and Mr Albert CHAN queried whether the Administration had a predetermined stance in the review. Mr CHEUNG pointed out that in the programme of the Radio Television Hong Kong "Hong Kong Letter" broadcast on 5 January 2002, SCS had stated that civil servants should be psychologically prepared for the situation where this year's Pay Trend Survey (PTS) might produce negative Pay Trend Indicators (PTIs). This message seemed to imply that the Administration had already had a predetermined stance, i.e. to reduce civil service pay. Mr CHEUNG was concerned that this message would drive the Task Force to arrive at a similar conclusion. SCS clarified that under the existing civil service pay adjustment mechanism, adjustments were considered annually and changes were broadly in line with pay adjustments in the private sector. Other factors such as changes to the cost of living, the state of the economy, budgetary considerations, the staff sides' pay claims and civil service morale were also considered when deciding the size of adjustment. In view of the present state of the economy, he considered that civil servants should be psychologically prepared for the situation where this year's PTS might produce negative PTIs. As regards the current review of civil service pay policy and system, the Administration did not have a predetermined stance.

16. Members also noted from paragraph 21 of the LegCo Brief that "the civil service makes up about 6% of the total workforce and civil service emoluments account for about 9% of the overall employment remuneration in the economy. Taking account of the subvented sector, the civil service and employees in subvented organizations together account for about 10% of the total workforce and their emoluments account for about 18% of the overall employment remuneration in the economy". Mr CHEUNG Man-kwong, Mr Albert CHAN and Ms Emily LAU considered that the figures quoted seemed to imply that civil service pay levels were higher than those of the remaining employees in Hong Kong. Mr CHEUNG and Mr CHAN were concerned whether the figures would serve as a basis for a reduction in civil service pay. Mr CHAN also pointed out that the figures were misleading, as the extensive outsourcing of government services in recent years had given rise to a large number of low paid jobs in the private sector, resulting in a

situation where the civil service emoluments constituted a substantial percentage of the overall remuneration in the economy. SCS responded that the statement served to underline the importance of having a well-constituted civil service pay system which did not fall out of line with sound practices in the employment market as a whole. He reiterated that the Administration did not have a predetermined stance in the review.

17. Mr Michael MAK pointed out the concern of some civil servants that the Administration had actually changed its stance. While the Administration had rejected the call for an arbitrary pay reduction for civil servants in 2001, some senior government officials recently expressed their view that there was a need for a review of civil service pay. SCS clarified that the Administration had not changed its stance. He pointed out that in the 2001 civil service pay adjustment exercise, the Administration had rejected the call for an arbitrary pay reduction on the grounds that any adjustments should be made in accordance with the long-established mechanism. However, the Administration noted that it had been over a decade since the last overall review of the civil service pay policy and system and there was a need to address public concern about possible erosion of broad comparability of civil service pay with private sector pay over time. Being a responsible government, the Administration saw the need to address this concern by conducting a comprehensive review of civil service pay policy and system.

18. Mr CHEUNG Man-kwong considered that senior government officials should be prudent in commenting on the review so as to avoid any misunderstanding or speculations, particularly at this stage when the outcome of the review was not known. He also urged the Administration to ensure that the review would be conducted in an independent and impartial manner. Mr Albert CHAN, Ms Emily LAU and Mr Michael MAK supported his view. SCS assured members that it was also the Administration's aim to conduct an independent and impartial review.

19. Mr Bernard CHAN and Mr Howard YOUNG stated that as members of the Task Force, they appreciated the importance of maintaining the impartiality of the review. They pointed out that they had their own independent views on the subject.

Representativeness of the Task Force

20. To enhance the impartiality of the review, Ms Emily LAU considered that the Task Force should comprise representatives of various sectors of the community. She was disappointed to note that this was not the case. For example, the three LegCo Members serving on the Task Force did not represent all the political groups in LegCo. Mr Albert CHAN also pointed out that the Task Force did not comprise representatives of the grass-root level. SCS explained that as decided by the three advisory bodies commissioned by the Administration to conduct the review, the membership of the Task Force was drawn from the membership of the three advisory bodies. As indicated in paragraph 8 above, the Task Force would consult interested parties, including the staff sides, departmental/grade management and other interested parties, and would take account of their views in the process. Nevertheless, SCS agreed to reflect the views of

Ms LAU and Mr CHAN to the Task Force.

21. Mr Bernard CHAN pointed out that as the Chairman of SCDS, he had nominated members of different background to the Task Force to enhance its representativeness. In fact, different members of the Task Force had expressed different views on the review.

Meetings and papers of the Task Force

22. To enhance the credibility of the review, Mr Albert CHAN considered that meetings of the Task Force should be open to the public and its discussion papers made available for the public. SCS advised that the study findings of the first phase of the review would be made public and be made available to the staff sides so as to facilitate a proper discussion on whether there should be any fundamental changes to the civil service pay policy and system, and on the scope of the comprehensive review to be undertaken in the second phase. The Task Force would take account of the views of the public and the staff sides before finalizing its report on the study.

Publication of anonymous article on internal newsletter

23. Referring to an article entitled "A typist with a conscience" published in the ninth issue of the Enhanced Productivity Programme (EPP) Newsletter by the Finance Bureau (FB) in December 2001, Ms LI Fung-ying queried whether it was appropriate to publish the anonymous article which was targeted at the Typist grade without any supporting evidence. As the writer of the article could not be identified, what was stated in the article, such as "an ever decreasing workload for typing pool of some departments", could not be verified. The publication of such an article might give the public the wrong impression that the Typist grade was no longer required and this biased view was not fair to the Typist grade, particularly at this point in time when the review of civil service pay was underway.

24. SCS advised that since 1998, a significant number of Typists had been transferred to the Clerical Assistant grade and the number of typing pools had been reduced significantly. While some of the remaining Typists had opted to join the Voluntary Retirement Scheme, some were working in pools retained by individual departments on operational grounds to provide dedicated services. If civil servants or members of the public identified scope for improving the operation of typing pools or any cases of idleness, they should forward the details of the cases to the departmental management or CSB for investigation. Regarding the anonymous article referred to by Ms LI Fung-ying, SCS said that he had already reflected his views to FB and requested that in future, any article on civil service matters be forwarded to CSB before publication. CSB would follow up on cases where sufficient details were provided.

25. The Chairman asked whether anonymous letters or articles would be published in internal newsletter in future. SCS said that it would depend on its content and the

availability of the identity of the author and sufficient details to substantiate what was stated in the article.

Issues to be addressed in the review

Broad comparability with private sector pay

26. Mr LEE Cheuk-yan queried whether it was still appropriate to maintain the principle of broad comparability with the private sector in setting civil service pay during the present economic downturn where employees at the lower levels of the private sector had unstable income. He was concerned that the adoption of this principle would result in pay reduction for civil servants at the lower levels. In view of the current high unemployment rate and social instability, Mr LEE considered that the Administration should handle the issue prudently.

27. Mr Michael MAK pointed out that in adopting the principle of broad comparability with the private sector, consideration should be given to the fact that flexibility was provided in the pay system of private sector companies, which allowed upward or downward adjustment as and when necessary. However, the civil service pay adjustment mechanism did not have such a flexibility.

28. Ms LI Fung-ying also pointed out that the starting salaries of new recruits to entry ranks had already been significantly reduced since April 2000. As regards the serving officers appointed before April 2000, they had been granted increments over the years in recognition of their service and valuable experience, thus resulting in the gap between the pay levels of these civil servants and those of their counterparts in the private sector. Ms LI requested the Administration to take account of this factor in the review.

29. In response, SCS pointed out that the principle of broad comparability with the private sector had been adopted since the 1970s. The rationale for the principle was that civil service remuneration should be regarded as fair by both civil servants and the public. As regards whether the principle should be upheld, it would be one of the major issues to be covered by the review.

Annual pay adjustment mechanism

30. Referring to paragraph 4 of the LegCo Brief, Ms Emily LAU considered it difficult for the public to comprehend why civil servants had pay increases twice a year through the annual pay adjustment exercise and the grant of annual increment. She requested the Administration to review whether the existing system was appropriate. SCS pointed out that the annual pay adjustment exercise might not necessarily result in an upward adjustment in civil service pay and that an annual increment would be granted to an officer until he reached the maximum point of the relevant pay scale, subject to his satisfactory performance. SCS confirmed that the existing pay adjustment mechanism would also be covered by the review.

Rationalization of the grading and salary structure

31. Mr LEE Cheuk-yan noted from paragraph 11(c) of the LegCo Brief that one of the areas to be covered by the review was the rationalization of the grading and salary structure of some 400 grades and over 1 000 ranks in the civil service. In response to Mr LEE's enquiry, SCS advised that the Administration did not have a predetermined stance on the extent of the rationalization. As the current civil service grading and pay structure were complicated and rigid, the Administration saw the need to rationalize the structure and to review the principle of internal pay relativity among grades with a view to building in greater flexibility in the structure.

Implications of the review on the civil service

32. Mr Albert CHAN, Mr LEE Cheuk-yan, Mr Michael MAK and Ms LI Fung-ying pointed out that the review had created undue anxiety among civil servants and that the front line staff was particularly demoralized. They reminded the Administration of the need to maintain the stability, morale, quality and efficiency of the civil service. SCS responded that all along, the Administration had highly recognized the important role of the civil service. It firmly believed that a stable and motivated civil service was a cornerstone for the stability and prosperity of Hong Kong. The Administration would ensure that it was able to continue to offer an attractive and worthwhile career, which included appropriate pay and conditions of service, to the civil servants.

Staff consultation

33. Mr James TIEN pointed out that staff acceptance was the key to the success of the review. He considered it important for the Task Force and the Administration to maintain frequent communications with the staff sides throughout the review process. SCS advised that the Task Force had already written to all Heads of Department and the central staff consultative councils, inviting them to give views on the review. It would take account of the views of the staff sides and other parties before finalizing its report. Moreover, CSB had been liaising with civil service staff associations on a regular basis and would ensure that their views on the review, if any, would be reflected to the Task Force.

34. Ms Emily LAU noted from Annex A of the LegCo Brief that the staff sides of both the Senior Civil Service Council and the Police Force Council had raised strong criticism against the survey methodology and rejected the findings of the 1986 Pay Level Survey. Ms LAU asked how the recurrence of such an incident could be avoided. SCS said that having regard to the experience in the 1986 Pay Level Survey, the Administration considered it crucial to take forward the review in a prudent manner and adopt a step-by-step approach. Throughout the review process, the staff sides would be invited to give views and the Administration would at every step assess the implications of various options on the civil service and the community as a whole.

2002 civil service pay adjustment

35. Mr Howard YOUNG noted that there had been occasions in which the annual civil service pay adjustment exercise departed significantly from the results of PTS. For example, although negative PTIs were produced in the 1999 PTS, a pay freeze, instead of pay reduction, was introduced for 1999-2000. He asked whether the Administration would take the incident as a precedent for another pay freeze for 2002-2003 even if negative PTIs were produced in the 2002 PTS. SCS advised that civil service pay adjustment for each year was decided on an individual basis, taking into account the PTIs as well as a number of other factors. Any previous pay freeze should not be taken as a precedent. Mr YOUNG requested the Administration to follow the PTIs in determining the size of civil service pay adjustment for 2002-2003.

IV. Departmental annual training and development plan

(LC Paper No. CB(1)794/01-02(03) — Paper provided by the Administration)

36. At the invitation of the Chairman, Deputy Secretary for the Civil Service 3 (DSCS3) briefed members on the paper provided by the Administration. She advised that the Administration placed great emphasis on the importance of upgrading the civil service's human capital by promoting lifelong learning and providing suitable training and development for the civil service workforce. To further strengthen the effort in this direction and to encourage departments and grades to provide training and development (T&D) activities in a more systematic manner, it was announced in the 2001 Budget Speech that Heads of departments and grades would draw up detailed T&D plans. The CSB and the Civil Service Training and Development Institute (CSTDI) had recently promulgated a "Guide on Preparing a Departmental T&D Plan" to assist departments in preparing their T&D plans. DSCS3 added that CSTDI would provide advisory services to departments to assist their drawing up of the plans by May 2002. It would also organize experience-sharing session and disseminate information on various learning approaches to reinforce learning at individual, group and organizational level.

Participation rate of departments

37. Mr Howard YOUNG noted from paragraph 4 of the paper that currently about half of the departments already had annual T&D plans. He was concerned about the low participation rate which was a great contrast to the private sector where nearly all large companies had such plans. Mr HUI Cheung-ching shared his view. DSCS3 and the Director (D) of CSTDI clarified that "the half of the departments" referred to those departments having comprehensive T&D plans similar to that suggested in the "Guide on Preparing a Departmental T&D Plan". In fact, many other departments had T&D activities. To encourage departments to set out clearly their training targets and align T&D activities with their strategic objectives and operational requirements, the Guide

was issued for the purpose. All departments would have their T&D plans for 2002-2003 ready by May 2002.

Drawing up of Training and Development plan

38. Responding to Mr HUI Cheung-ching, DSCS3 advised that the participation of the staff and departmental management was essential in formulating a T&D plan to ensure that the plan would suit the needs of staff and the operational requirements of the department concerned.

39. Mr Howard YOUNG was concerned whether the staff had been invited to express views on their need for T&D. DSCS3 responded that civil servants had been encouraged to express such views through various channels, e.g. through the annual performance appraisal exercise.

40. In view of the increased participation of various departments in the T&D of civil servants, Mr Michael MAK asked whether the role of CSTDI had been diminished. DSCS3 considered that it was not the case. She pointed out that CSTDI continued to play an important role in advising departments in the drawing up and implementation of T&D plans, as well as providing the training materials and resources required.

Modes of training

41. Responding to Mr Howard YOUNG's enquiry on the modes of training, DSCS3 advised that apart from classroom training, CSTDI had provided self-learning software and organized seminars, workshops, and a wide range of diversified training activities. The "Guide on Preparing a Departmental T&D Plan" also suggested different modes of training to departments, such as training through participating in work improvement teams and CSTDI cyber learning centre programmes. D of CSTDI supplemented that departments were subsidized in the setting up of learning resource centres at the departmental level.

Resources implications

42. Referring to paragraph 10 of the paper, Mr Michael MAK considered it difficult for departments to absorb any additional financial and staffing implications arising from the drawing up and implementation of departmental annual T&D plan. DSCS3 noted this view but pointed out that the drawing up of such a plan would not require much additional resources and the process would in fact help departments achieve a more rational allocation of T&D resources.

V. Any other business

43. There being no other business, the meeting ended at 12:45 pm.

Legislative Council Secretariat
15 February 2002